UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/51/950/Add.5
31 October 1997

ORIGINAL: ENGLISH

Fifty-second session
Agenda item 157
United Nations reform: measures
and proposals

RENEWING THE UNITED NATIONS: A PROGRAMME FOR REFORM

Report of the Secretary-General

Creating a dividend for development

97-30222 (E) 061197

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Introduction

1. The present paper provides an elaboration of the Secretary-General's proposal for the establishment of a development account, as contained in paragraphs 57 to 58, and 234 to 235, actions 21 and 22 and related recommendation, in his report dated 14 July 1997 (A/51/950).

Proposal

2. The Secretary-General has stated that up to 38 per cent of regular budget resources is devoted to non-programme costs, defined as administrative and information costs. The aggregate amount of non-programme costs has been determined on an analytical basis. Such non-programme costs include full costs of direct administrative support and public information, as well as a proportion of executive direction and conference services devoted to administrative, budgetary and personnel matters. While a large proportion of these costs are in the central service departments, they are incurred across the entire Organization.

3. The Secretary-General is committed to reducing these non-programme costs under the regular budget by about one third and has proposed to turn savings in administrative costs into a "dividend for development". This goal is expected to be fully achieved in the biennium starting 1 January 2002 through enhancing effectiveness and implementing management reforms, without impacting mandated programmes.

Outline

4. The general increase in delivery expectations by Member States at a time of decreasing resources is a phenomenon faced, not only by the United Nations, but also in national Governments and private and public sector enterprises worldwide. The Secretary-General intends to respond to the situation as related to United Nations activities by increasing the outputs to Member States from the resources made available to him. Accordingly, he intends to reduce these non-programme costs, now reflected in various components of the budget, and reallocate the funds to visible and quantifiable outputs within economic and social activities. The Secretary-General, in the context of the biennial budget, would recommend to the General Assembly the level of resources to be allocated to the development account. This figure would be based on proposed reductions in non-programme costs and would be fixed for the ensuing biennium.

5. It is widely accepted that, to enhance outputs, bureaucratic structures must be streamlined and procedures must be simplified. In this regard, a number of initiatives and reviews are being undertaken which should lead to simplification of processes, procedures and rules; consolidation of common services wherever economical and feasible; and increases in the efficiency and effectiveness of programme delivery, through further enhancement of the information technology component of the system to create an electronic United Nations. To this end, programme managers are being asked to initiate and actively participate in the reduction of redundant administrative practices and will be empowered to act decisively in their areas of responsibility. Ideas for improvement are being sought from managers and staff alike and the resultant

benefits, once turned into savings, would be plowed back into development initiatives in the economic and social sectors. A one-time effort will, however, not be enough. The challenge is to institutionalize ways of:

- Delivering Member States' mandates more cost-effectively;
- Reducing administrative overhead;
- Translating the resultant savings into programme benefits.

6. The responsibility for delivering the "dividend for development" rests with individual managers throughout the Organization, who have already demonstrated their commitment to reducing costs, as well as a capacity for innovative thinking. Over 550 efficiency projects, under way or completed, combined with the completion of a number of simplifications of administrative processes, provide ample evidence of what can be achieved when individual managers are given the flexibility to improve the efficiency and effectiveness of their own departments and offices.

Delivering the dividend for development

7. Non-programme costs in the revised estimates for the 1998-1999 biennial budget are some $50 million less than included in the original 1996-1997 biennial budget. The Secretary-General proposes that, effective 1 January 1998, the Development Account be initially established at $12.7 million, as indicated in his report dated 11 September 1997 (A/52/303).

8. Within the Secretariat, the creation of the dividend for development requires a two-pronged approach by all departments and offices. First and foremost, targets will be established over the next two bienniums to decrease non-programme costs, and second, ongoing management reviews will be conducted, which will enhance the delivery of mandated programmes.

9. The Secretary-General is pursuing seven major managerial reform strategies which have significant potential for ensuring that the dividend for development will continue to grow, and which will also lead to a more efficiently and effectively managed Organization. Within that overall framework the responsibility for delivering the reductions to be converted into a dividend for development rests mainly with individual managers in the non-programme field. This does not preclude all managers from initiating projects which lead to increased effectiveness within their own departments. Furthermore, the efforts of individual departments are being supported and enhanced by Organization-wide reforms, to deal with global administrative issues, which individual departments cannot change on their own.

10. On their part, Member States will have an equally important role to play in the simplification and streamlining processes leading to savings, and their support of the Secretary-General's initiatives would be an essential ingredient to the overall success of this proposal.

Programme objectives

11. The overall programme direction for the Development Account would be agreed by the General Assembly, which would be provided a range of proposals and would be asked to select from among them those that should be funded from the Development Account. Programming of such resources will be focused on global, interregional and regional issues, on the premise that national development plans are addressed through other multilateral and bilateral programmes.

Programme direction and management

12. The Under-Secretary-General for Economic and Social Affairs will serve as the Programme Manager for the Development Account and will oversee its administration and implementation. In developing recommendations on behalf of the Secretary-General, he will receive inputs from the Executive Committees and the United Nations Development Group as appropriate, so that a coordinated and comprehensive set of proposals is submitted to the General Assembly at the time it is considering the proposed programme budget, using the following criteria:

- Projects would be distinctive and further the organizations' development goals;

- Projects would be finite, capable of completion within two bienniums;

- Projects will contain succinct objectives, measurable outcomes and clear performance indicators;

- Projects will complement, not substitute for existing programmes.

13. The Development Account will be administered and implemented in accordance with the Financial Regulations and Rules of the United Nations.

14. Once programmes and projects are approved by the General Assembly, the Controller will issue the relevant allotment(s) to the programme manager(s).

Performance reporting

15. The Secretary-General will submit an annual report to the General Assembly on a post facto basis on objectives and outputs achieved, containing analytical information on the projects funded.

Review and monitoring

16. In consultation with the Under-Secretary-General for Economic and Social Affairs, the Under-Secretary-General for Management will be responsible for the regular review, evaluation and monitoring of programme delivery, using performance and programme criteria set by the General Assembly, the results of which will be contained in the annual performance report.

Conclusion

17. The Secretary-General is confident that, with Member States' support, the measures outlined above will not only deliver a Dividend for Development that will contribute substantially to the United Nations economic and social development goals, but also result in a better managed Organization working in line with Member States' priorities.